Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

CONFIDENTIAL

PAGE 01 ROME 07012 301552Z
ACTION EUR-12

INFO OCT-01 ARA-06 EA-07 ISO-00 CIAE-00 DODE-00 PM-04
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 AID-05 COME-00 EB-08 FRB-03
TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 IGA-02
STR-04 CEA-01 NEA-10 /115 W
----------301559Z 082398 /45
P R 301230Z APR 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 4299
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CARACAS
COPENHAGEN 1764
AMEMBASSY DUBLIN
AMEMBASSY THE HAGEN
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
AMEMBASSY VIENNA
USMISSION EC BRUSSELS
USMISSION OECD PARIS
AMEMBASSY LISBON

C O N F I D E N T I A L ROME 7012

EO 11652: GDS
TAGS: EFIN, PO, IT
SUBJ: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: STATE 088960

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 07012 301552Z

1. ON APRIL 29 I CALLED ON FOREIGN MINISTER FORLANI TO
TAKE UP MATTER OF FINANCIAL ASSISTANCE FOR PORTUGAL.
STRESSING THE IMPORTANCE TO BOTH OUR COUNTRIES OF MAINTAIN-
ING DEMOCRACY IN PORTUGAL AND THE PRECARIOUSNESS OF THE
PORTUGUESE ECONOMIC SITUATION, I DESCRIBED THE U.S.
PROPOSAL FOR A COORDINATED INTERNATIONAL LENDING
EFFORT COVERING A 12-15 MONTH PERIOD. AFTER NOTING

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

THE SCOPE OF THE FUND, THE NATURE AND TERMS OF THE PROPOSED U.S. CONTRIBUTION AND OUR SUGGESTION FOR A MID-MAY POTENTIAL DONORS MEETING, I URGED THAT THE GOI GIVE SERIOUS AND SYMPATHETIC CONSIDERATION TO MAKING A CONTRIBUTION. I ADDED THAT WHILE WE FULLY RECOGNIZED THUV ITALY'S ECONOMIC SITUATION DOES NOT PERMIT A SIZEABLE CONTRIBUTION, IT IS VERY IMPORTANT TO OBTAIN BROAD PARTICIPATION AND EVEN A SYMBOLIC CONTRIBUTION BY ITALY WOULD BE MOST USEFUL.

2. FORLANI EXPRESSED AN UNDERSTANDING OF THE PORT-UGUESE PROBLEM AND RECOGNITION OF PORTUGUESE REQUIRE-MENTS, BUT THEN IMMEDIATELY TURNED TO THE ECONOMIC OBSTANCLES TO AN ITALIAN CONTRIBUTION (HIGH LEVEL OF FOREIGN INDEBTEDNESS, ETC.). HE NOTED THAT ITALY HAD GIVEN ASSISTANCE TO NEEDY COUNTRIES, BUT THAT THIS HAD GENERALLY BEEN IN THE FORM OF SUPPLIERS CREDITS (E.G. RECENT $35-40 MILLION LOAN TO EGYPT) RATHER THEN BALANCE OF PAYMENTS FINANCING.

3. ON THE POSITIVE SIDE, FORLANI REFERRED TO ASSIS-TANCE GIVEN TO PORTUGAL BY THE EC, INCLUDING BOTH GRANT AID AND LOANS. HE EXPRESSED SOME SURPRISE THAT WE WERE MAKING OUR APPROACH FOR ASSISTANCE DIRECTLY FROM EC MEMBER COUNTRIES, ALTHOUGH HE INTERPRETED THIS TO BE RESULT OF OUR EARLIER UN-SUCCESSFUL EFFORT TO OBTAIN COMMUNITY PARTICIPATION IN AN AID EFFORT. IN ANY CASE, FORLANI EXPRESSED CLEAR PREFERENCE FOR ANY ASSISTANCE TO BE CHANNELED CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ROME 07012 301552Z

THROUGH EC. I RESPONDED THAT IT WOULD BE UP TO THE COMMUNITY TO DECIDE ON THE MOST APPROPRIATED METHOD OF CHANNELING AID; OUR CONCERN WAS THAT OF OBTAIN-ING CONTRIBUTIONS FROM A SUFFICIENTLY BROAD GROUP OF COUNTRIES.

4. FIANL POINT MADE BY FORLANI WAS THAT REQUEST FOR ASSISTANCE FOR PORTUGAL WOULD BE FOLLOWED IN NEAR FUTURE BY SIMILAR PROPOSAL FOR SPAIN, WHICH, HE ASSERTED, IS IN SIMILARLY WEAK ECONOMIC POSITION. I SUGGESTED THAT THE TWO ECONOMIC SITUATIONS WERE REALLY NOT COMPARABLE.

5. CONCLUSION REACHED AT OUR MEETING WAS THAT FOR-LANI WOULD RIASE THE MATTER WITH PRIME MINISTER ANDREOTTI AND PROBABLY WITH TREASURY MINISTER STAM-MATI AFTER LATTER'S RETURN FROM WASHINGTON AND WOULD THEN GET BACK IN TOUCH WITH ME.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

6. A POSSIBLE COINCIDENCE WAS THAT AS I WAS LEAVING FORLANI INTRODUCED ME TO THE ITALIAN AMBASSADOR TO PORTUGAL, WHO, HE SAID, WAS ABOUT TO URGE THAT ITALY PROVIDE ASSITANCE TO PORTUGAL. THE ITALIAN AMBASSADOR REMARKED THAT HE HAD RECENTLY MET WITH AMBASSADOR CARLUCCI, WHO ALSO HAD PRESSED FOR ITALIAN PARTICIPATION IN A LENDING EFFORT.GARDNER

CONFIDENTIAL

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, POLICIES, FOREIGN ASSISTANCE, DIPLOMATIC DISCUSSIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 30-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME07012
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770152-0440
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977041/aaaaaati.tel
Line Count: 123
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: aedcb39b-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 88960
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2658793
Secure: OPEN
Status: NATIVE
Subject: FINANCIAL ASSISTANCE FOR PORTUGAL
TAGS: EFIN, PO, IT, US
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/aedcb39b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009